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December 11, 2006

MEMORANDUM

TO: Legislative Oversight Committee
Local CFAC Chairs
NC Council of Community Programs
County Managers
State Facility Directors
LME Board Chairs
Advocacy Organizations
MH/DD/SAS Professional and Stakeholder Organizations

Commission for MH/DD/SAS
State CFAC
NC Assoc. of County Commissioners
County Board Chairs
LME Directors
DHHS Division Directors
Provider Organizations

FROM: L. Allen Dobson, Jr., MD *LAD mb*
Mike Moseley *mmv/lw*

SUBJECT: Implementation Update #20
Child Residential Services – Enrollment in the Medicaid Program
December 18, 2006 DEADLINE!!!

In Communication Bulletin #47 (Provider Endorsement Transition Plan, August 31, 2005), LME's and providers were notified that the transition period for the endorsement of Child Residential Services was to be June 1, 2006 – August 31, 2006, as a Phase IV service. In Communication Bulletin #55 (New Phases for Provider Endorsement, June 1, 2006), Phase IV services were expanded into three categories and Child Residential Services became a Phase VI service with the transition period of September 1, 2006 – December 31, 2006. Please refer to these two documents, as well as Communication Bulletins #37 (Provider Endorsement, April 22, 2005) and #44 (Final Policy-Provider Endorsement, July 1, 2005) for details.

However, despite having been notified six months ago of this requirement, we note with great concern that as of December 1, 2006, more than 200 licensed Child Residential Services providers have not submitted applications for endorsement. We are hearing from Local Management Entities (LMEs) that their staff have made significant additional efforts to communicate these deadlines to providers and encourage the submission of endorsement applications, and yet the numbers of pending applications for endorsement is still very low. **Any currently enrolled child residential provider (four or more beds) that has not submitted a completed application for endorsement to the LME responsible for the catchment area in which the facility is located by December 18, 2006 will have their conditional Medicaid enrollment ending effective December 31, 2006 or the date their conditional endorsement ends, whichever occurs first. Child residential providers with three beds or less will not be permitted to bill through the LME for services after December 31, 2006 unless a completed endorsement application is submitted by**

December 18, 2006. These actions will result in Medicaid denying payment for services rendered to Medicaid children after December 31, 2006.

In order to ensure that this failure on the part of child residential providers to apply for endorsement in a timely manner has the minimum negative impact on the children those providers serve, we are putting in place the following temporary process:

- Providers that submit a completed endorsement application to the LME no later than close of business Monday, December 18, 2006, will be granted temporary conditional endorsement until February 28, 2007.
- LMEs will acknowledge receipt of completed endorsement applications and complete a Notification of Endorsement Action (NEA) letter for conditional endorsement until February 28, 2007. The completed NEA must be faxed to DMA (FAX 919-715-8548) and to DMH/DD/SAS (FAX 919-508-0968) before the close of business on December 22, 2006. The NEA must include both name of the facility and its physical address.
- The LME will work with providers whose applications are received by the deadline to complete the full endorsement process in January and February, 2007
- Currently enrolled providers who fail to apply for endorsement by December 18, 2006 **will have their conditional enrollment in the Medicaid program ending effective December 31, 2006 or the date their conditional endorsement ends, whichever occurs first. Providers with less than four beds will not be permitted to bill through LMEs after December 31, 2006 if a completed application is not received by December 18, 2006.** In order to continue to be paid by the Medicaid program, all impacted child residential providers will have to apply for endorsement with the LME, work through that process in accordance with the regular endorsement process and apply for enrollment in Medicaid once the endorsement process has been successfully completed. The Division of Medical Assistance will not approve retroactive payment for any services rendered during a period when the provider was not enrolled in the program.

LMEs should work with their Community Support providers to ensure that children who are being served by providers that do not submit an endorsement application by December 18, 2006 are moved to a provider whose enrollment in the Medicaid program will continue. In circumstances where children are in residential placements out of their home community catchment area, the "Home" and "Host" LME should be in communication regarding the enrollment status of the serving provider. The Division of MH/DD/SAS will prioritize updating the provider endorsement website with this information, but in light of the short timeframes and the holiday season, LMEs should also communicate directly on these issues.

Questions regarding this communication should be directed to Dick.Oliver@ncmail.net.

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